



Gary Jones
Director

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

33 September 1, 2015


PATRICK O'QUINN
ACTING EXECUTIVE OFFICER

September 01, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**CONSENT TO ASSIGNMENT OF LEASE NO. 77844 – HILTON GARDEN INN (PARCEL 145R AT
4200 ADMIRALTY WAY) MARINA DEL REY
(FOURTH DISTRICT) (4 VOTES)**

SUBJECT

This Board letter requests that the Board consent to a proposed assignment of the Amended and Restated Lease Agreement No. 77844 for Parcel 145 in Marina del Rey (Lease) from the current lessee, IWF Marina Int., LLC, a Delaware limited liability company to CHATHAM MDR LLC, a Delaware limited liability company.

IT IS RECOMMENDED THAT THE BOARD:

1. Consent to the proposed assignment of the Lease to CHATHAM MDR LLC.
2. Authorize the Director of Beaches and Harbors to execute any consents, estoppels, and related documentation necessary to effectuate the Lease assignment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 4, 2014, your Board approved the assignment of the Marina del Rey Hilton Garden Inn (Parcel 145R) leasehold interest to the current lessee, IWF Marina Int., LLC (Lessee). Lessee now wishes to assign its leasehold interest in Parcel 145R to CHATHAM MDR LLC. Pursuant to the terms of the Lease, the Lessee must obtain the County's consent to the proposed assignment of Lease,

but such consent may not be unreasonably withheld.

Exhibit C of the Amended and Restated Lease No. 77844 provides that, in considering any proposed assignment of the Lease, the County's decision whether to approve such assignment shall be based on enumerated factors, including the following: a) the financial condition of the proposed assignee; b) the price to be paid for the leasehold as it relates to improvements or potential development thereon; and c) the management of the leasehold by the proposed assignee being in the best interest of the whole Marina.

The Department of Beaches and Harbors has reviewed the proposed assignment and has found that: a) the proposed assignee, CHATHAM MDR LLC is a wholly-owned subsidiary of Chatham Lodging L.P., the operating partnership of Chatham Lodging, which is a publicly traded company required to make annual SEC filings, including the filing of an annual 10-K report, that shows a market capitalization of approximately \$1,000,000,000; b) the proposed sale price of \$45,050,000 appears to be within Lessee's ability to meet its rental obligations to the County; and c) the proposed assignee's operating partnership, Chatham Lodging, and its affiliated manager, Island Hospitality, LLC, have the requisite experience in managing and operating upscale hotel properties similar to the subject leasehold, having managed over 140 hotels across major brands such as Marriott, Hilton, Hyatt, Starwood and IHG; additionally Chatham Lodging wholly owns 34 hotels, and owns interests in 227 hotels in 15 states and the District of Columbia.

Implementation of Strategic Plan Goals

The recommended action will ensure the County is in compliance with its obligations under the Lease and will ensure that the hotel will continue to be managed by an experienced lessee which promotes Strategic Plan Goal No. 1 (Operational Effectiveness/Fiscal Sustainability).

FISCAL IMPACT/FINANCING

The proposed consent to assignment of the Lease will have no direct fiscal impact on the County, as the proposed transfer does not trigger any contractual obligation for the Lessee to pay a participation or other fee to County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The existing lease expires on December 31, 2067. The current improvements on Parcel 145R include a 134-room hotel and 9 bungalows. Parcel 145R has frontage on Admiralty Way and is located at the intersection of Admiralty Way and Palawan Way.

Department staff and County Counsel have reviewed the Lease and proposed assignment and have determined that the County has no reasonable basis on which to withhold its consent, and no participation fee is due to the County, as payment of such fee is excluded under the Lease for transactions occurring within six (6) years after the completion of hotel construction, which occurred in February 2014.

Entering into leases of the County's Marina del Rey real property is authorized by Government Code section 25536, and the proposed assignment is permitted by the Lease.

ENVIRONMENTAL DOCUMENTATION

The proposed County consent to assignment is not a project pursuant to the California Environmental Quality Act (CEQA) because such consent is an activity that is excluded from the definition of a project by Section 15378(b) of the CEQA Guidelines. The proposed consent is an administrative activity of government which will not result in direct or indirect physical changes to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

Please instruct the Acting Executive Officer of the Board to send an adopted-stamped copy of this letter to the Department of Beaches and Harbors, retaining a copy for your records. Should you have any questions please contact Natasha Robinson at (310) 306-6144 or NRobinson@bh.lacounty.gov.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. Jones", with a stylized, cursive flourish at the end.

GARY JONES

Director

GJ:BL:SP:MR:nr

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors